

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6503

BILL NUMBER: HB 1075

DATE PREPARED: Apr 6, 2001

BILL AMENDED: Apr 5, 2001

SUBJECT: Commercial Fertilizer.

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FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill provides that a distributor of commercial fertilizers who creates a custom blend by blending two or more fertilizer materials is not required to register the custom blend with the State Chemist if the fertilizer materials used in making the custom blend are registered. The bill also increases the fertilizer registration fees, inspection fees, and late fees. It prohibits the distribution of adulterated commercial fertilizer. It also prohibits a political subdivision from regulating the storage and use of fertilizer unless the political subdivision is granted a waiver by the State Chemist. The bill also prohibits a public way from being placed closer to an existing ammonia distribution facility than is currently allowed for a facility to be placed near the public way. The bill amends the definitions of "fertilizer material" and "commercial fertilizer." The bill allows the State Chemist to have access to plans and records relating to the transportation, storage, sale, and use of fertilizer. It also allows the State Chemist to adopt rules relating to the use of fertilizer material. It also makes technical corrections.

Effective Date: July 1, 2001; July 1, 2002.

Explanation of State Expenditures: Inspection fees are currently paid on a quarterly basis. Under the proposal, fees would be paid on a semiannual basis. This provision will reduce administrative expenses for the State Chemist. However, the overall saving is not expected to be significant.

Explanation of State Revenues:

Registration Fee Increase. The bill increases the registration fee from \$40 to \$50 for fertilizer packages sold in packages of 12 pounds or less (small packages). This bill also increases the registration fee from \$10 to \$20 for each brand and grade of commercial fertilizer sold in large packages. For the past three years, the average number of large packages that have been registered equaled 5,600, with smaller packages equaling 1,000, for a total of 6,600. Based on these figures, an increase of \$10 on both packages would generate an additional \$66,000 (\$6,600 multiplied by \$10 equals \$66,000).

Registration fees are deposited in the State Chemist Fund that is used to finance the operations of the State Chemist's Office, which includes administrative costs, wages, and benefits for field inspectors and lab employees.

Registration Late Fees. The bill also adds a late fee equal to 100% of the registration fee. The number of registrants that fail to file in a timely manner is indeterminable. However, during calendar year 2000 approximately ten did not file in a timely manner. Based on this number, an additional \$500 could be generated if all the late registrants were for small packages where the fee is \$50 under the proposal.

Eliminating the Requirement to Register Blended Fertilizers. A distributor who acts as a blender is not required to register a custom blend if the blended materials are already registered. This provision should not affect revenues because it puts into statute current practice.

Inspection Fee Increase. This bill also increases the inspection fee paid to the State Chemist for all commercial fertilizers distributed to persons who are not registrants in bulk or in packages exceeding 12 pounds. The inspection fee is increased from \$0.35 per ton to \$0.45 per ton with a minimum inspection fee of \$10. Current tonnage inspected is around 2.3 million. This provision will increase revenues by an estimated \$230,000 per year (2.3 million multiplied by \$0.10 equals \$230,000.) Revenues are also deposited in the State Chemist Fund at Purdue University.

Total Impact. Total impact of the proposal is an estimated \$296,000 (\$230,000 increase in tonnage fee plus \$66,000 increase in registration fee). This projection is based on current annual fertilizer tonnage remaining constant and registered fertilizer products maintaining current levels.

Explanation of Local Expenditures: Prohibiting a political subdivision from regulating the storage and use of fertilizer unless the political subdivision is granted a waiver by the State Chemist may increase administrative expenses to the local unit. The overall impact, however, is not expected to be significant.

Explanation of Local Revenues:

State Agencies Affected: State Chemist

Local Agencies Affected: Political subdivisions regulating the storage and use of fertilizer.

Information Sources: Dr. Alan Hanks, State Chemist, Purdue University (765) 494-1492, and Mike Hancock, Office of the State Chemist, Purdue University, 765-494-1547.